



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

November 13, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**SEVEN-YEAR LEASE
DEPARTMENT OF PUBLIC HEALTH
26415 CARL BOYER DRIVE, SANTA CLARITA
(FIFTH DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign a seven-year lease with Spirit Properties, LTD, (Landlord) for the Department of Public Health (DPH) to occupy 5,594 rentable square feet of office space at 26415 Carl Boyer Drive, Santa Clarita, at a maximum initial annual rental cost of \$253,791. License and permit fees will be used to fund 74 percent of the rental costs, and the remaining 26 percent will be net County cost.
2. Authorize the Director of the Internal Services Department (ISD) and DPH to acquire telephone, data, and low voltage systems at a cost not to exceed \$350,000. The telephone, data, and low voltage costs shall be paid via lump sum payment.
3. Authorize the Director of ISD and DPH to acquire furniture at a cost not to exceed \$150,000.
4. Consider the Negative Declaration together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the Chief Executive Office (CEO) to complete and file a Certificate of Fee Exemption for the project.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

5. Approve the project and authorize the CEO, DPH, and ISD to implement the project. The lease will be effective upon approval by your Board, but the term and rent will commence upon completion of the Tenant Improvements (TI) by the Landlord and acceptance thereof by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to relocate DPH's Environmental Health (EH) and Public Health Nursing (PHN) programs from temporary offices to a permanent facility. In December 2006, the EH program was displaced from its leased facility at 25050 Peachland, Santa Clarita due to a severe fire that destroyed over 50 percent of the building. EH occupied 2,145 square feet in the building as part of a three-year lease that had an expiration date of March 31, 2008. However, this lease was terminated on December 31, 2006, in accordance with the damage and destruction provisions of the lease. The displaced EH staff are currently housed at 6851 Lennox Avenue, Van Nuys and 335-A East Avenue K-6, Lancaster. EH consists of 21 full time employees and the following programs: Food Inspection, Plan Check, Solid Waste Management, Mountain and Rural, Water, Sewerage and Subdivision Control. EH will provide service for 10-30 client visits per day.

The PHN staff is currently located at the Valencia Health Center and occupying borrowed space belonging to a County contractor, Northeast Valley Health Corp. The PHN program is a direct-service, disease control and prevention program consisting of six full time employees. PHN staff performs most of their duties in the field, but approximately 20-25 clients will visit the subject facility on a daily basis.

Although this space requirement was allocated 32 parking spaces, the proposed lease has a maximum of 28 parking spaces. DPH has approved this parking arrangement since staff will be doing substantial field work and if necessary staff will use street parking.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we enhance the quality and productivity of the County workforce (Goal 2). The proposed lease supports this goal by providing a quality and efficient work environment for DPH employees, which is conducive to maximizing employee productivity. A quality and efficient work environment supports DPH staff in providing excellent service (Goal 1). Compliance with the County's Strategic Asset Management Principles is further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum initial annual rental cost will be \$253,791, if all of the reimbursable TI funds are used.

26415 Carl Boyer Drive, Santa Clarita	Proposed Lease
Term	7 Years
Total Area	5,594 rentable square feet (sq.ft.)
Annual Base Rent	\$177,890 (\$31.80 per sq. ft.)
Base Tenant Improvement (TI) Allowance	\$195,790 (\$35.00 per sq. ft.)
Additional Tenant Improvement (TI) Allowance	\$279,700 (\$50.00 per sq. ft.)
Change Order Allowance	\$25,000 (\$4.47 per sq. ft.)
Annual TI Reimbursement*	\$75,901
Maximum Annual Rent**	\$253,791
Cancellation	Anytime after 5 th year with nine months notice
Parking (included in Rent)	28 spaces
Option to Renew	None
Annual Rental Adjustment	Fixed at 4 percent throughout the term.

* \$304,700 represents the maximum amount of reimbursable TI funds available for this project. If this entire amount is expended and amortized over 60 months at the proposed rate of 9 percent, the annual TI reimbursement amount will be \$75,901, which equates to approximately \$13.57 per square foot per year.

** Maximum annual rent is the sum of annual base rent and annual TI reimbursement.

Sufficient funding for the proposed lease costs is included in the 2007-08 Rent Expense Budget and will be billed back to DPH. DPH has allocated sufficient funds in its 2007-08 operating budget to cover the projected lease costs. License and permit fees will be used to fund 74 percent of the rental costs, and the remaining 26 percent will be net County cost.

Based upon a survey of similar office buildings within the Santa Clarita area, staff has determined that the rental range for a full service gross lease is between \$22.20 and \$36.00 per square foot per year. Thus, the proposed base annual rental rate of \$31.80 per square foot is within the rental range for the area. The available buildings at the low end of the range lack sufficient parking.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed seven-year lease agreement comprises 5,594 square feet of office space, along with 28 parking spaces. The proposed lease contains the following provisions:

- The term commences upon completion of the TI by the Landlord, and acceptance thereof by the County. The term expires seven years thereafter.

- A base TI allowance of \$195,790 is included in the rent.
- A reimbursable TI allowance totaling \$279,700 is included in the proposed leased and it is payable after substantial completion of the TI work, via monthly amortization payments at an amortization rate of 9 percent over the initial 60 months of the term of the lease or via lump sum payment.
- A reimbursable Change Order allowance totaling \$25,000 is included in the proposed lease and it is payable after substantial completion of the TI work, via monthly amortization payments at an amortization rate of 9 percent over the initial 60 months of the term of the lease or via lump sum payment.
- There is a cancellation provision allowing the County to cancel anytime after the fifth year upon nine months advance notice to the Landlord.
- The rent includes on-site parking for 28 vehicles.
- This is a full service gross lease whereby the Landlord is responsible for all operating expenses associated with DPH's occupancy.
- The Base Rent is subject to annual fixed increases of 4 percent throughout the term
- The TI allowance does not include the furniture which will be purchased separate from the lease.

CEO Real Estate staff surveyed the Santa Clarita area, based on the search area parameters provided by DPH, to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed areas that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the search areas for these programs. There are no County-owned or leased facilities available for this program.

The subject building was constructed in 2006 and does not require a structural report from the Department of Public Works.

The subject facility is not suitable to support an on-site child care facility.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will provide the necessary office space for this County requirement. DPH concurs with the proposed lease.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease agreement and the adopted, stamped Board letter, and two certified copies of the Minute Order to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
CEM:KW:hd

Attachments (3)

c: County Counsel
Department of Public Health
Internal Services Department

DEPARTMENT OF PUBLIC HEALTH
26415 CARL BOYER DRIVE, SANTA CLARITA
 Asset Management Principles Compliance Form¹

1. Occupancy		Yes	No	N/A
A	Does lease consolidate administrative functions? ²			X
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sf of space per person? ² Lease represents 207 sf per person. Overage is because of design requirements to accommodate public intake.		X	
2. Capital				
A	Is it a substantial net County cost (NCC) program? 26 percent NCC		X	
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or operating lease with option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned ?			X
F	Is Building Description Report attached as Attachment B?	X		
G	Was build-to-suit or capital project considered? Because a build-to-suit is not feasible for 5,594 square feet.		X	
3. Portfolio Management				
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal, was co-location with other County departments considered ?			X
D	Why was this program not co-located?			
	1. The program clientele requires a "stand alone" facility.			
	2. No suitable County occupied properties in project area.			
	3. No County-owned facilities available for the project.			
	4. Could not get City clearance or approval.			
	5. X The Program is being co-located.			
E	Is lease a full service lease? ²	X		
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval? The building was constructed in 2006.		X	
	¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not? Please bold any written responses			

SPACE SEARCH, SANTA CLARITA AREA DEPARTMENT OF PUBLIC HEALTH

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS NET		OWNERSHIP	SQUARE FEET AVAILABLE
4050	CAMP SCOTT-ADMINISTRATION BUILDING	28700 N BOUQUET CANYON RD, SAUGUS 91350	3625	2053	OWNED	NONE
TS14	CAMP SCOTT-OFFICE TRAILER	28700 N BOUQUET CANYON RD, SAUGUS 91350	1581	1290	OWNED	NONE
3909	CAMP SCUDDER-ADMINISTRATION BUILDING	28750 N BOUQUET CANYON RD, SAUGUS 91350	4343	2487	OWNED	NONE
0117	PW ROAD-MOUNTAIN OPERATIONS SECTION OFFICE	35100 SAN FRANCISQUITO CANYON RD, SAUGUS 91350	480	432	PERMIT	NONE
0119	PW ROAD-MOUNTAIN OPERATIONS SECTION OFFICE	35100 SAN FRANCISQUITO CANYON RD, SAUGUS 91350	192	173	PERMIT	NONE
A341	DPSS-SANTA CLARITA BRANCH / LANCASTER AP DIST	27233 CAMP PLENTY RD, SANTA CLARITA 91351	8400	5610	LEASED	NONE
AS26	PUB LIB-CANYON COUNTRY JO ANNE DARCY LIBRARY	18601 SOLEDAD CANYON RD, SANTA CLARITA 91351	12500	11250	PERMIT	NONE
0090	PW ROAD-DIV #553 MAINTENANCE YARD OFFICE	17931 SIERRA HWY, SANTA CLARITA 91351	820	738	OWNED	NONE
6121	ANIMAL CONTROL #6-OFFICE	31044 N CHARLEY CANYON RD, CASTAIC 91384	1962	857	OWNED	NONE
4687	PW ROAD-DIV #556 MAINT YD OFFICE	27624 W PARKER RD, CASTAIC 91384	576	441	OWNED	NONE
D143	DCSS-SANTA CLARITA VALLEY SERVICE CENTER	24271 SAN FERNANDO RD, NEWHALL 91321	11400	9120	LEASED	NONE
				LEASED		NONE
4490	HART-PARK HEADQUARTERS BUILDING	24151 SAN FERNANDO RD, SANTA CLARITA 91321	1646	897	OWNED	NONE
4284	HART-PARK OFFICE	24151 SAN FERNANDO RD, SANTA CLARITA 91321	662	464	OWNED	NONE
X151	HART-WEED CONTROL OFFICE	24151 SAN FERNANDO RD, SANTA CLARITA 91321	608	540	OWNED	NONE
X210	PLACERITA CANYON-MAINTENANCE OFFICE & STORAGE	19152 PLACERITA CANYON RD, NEWHALL 91321	300	291	GROUND LEASE	NONE
T592	SANTA CLARITA SENIOR CENTER-ANNEX	22900 MARKET ST, SANTA CLARITA 91321	1440	1296	OWNED	NONE
T593	SANTA CLARITA SENIOR CENTER-OFFICES	22900 MARKET ST, SANTA CLARITA 91321	1440	1296	PERMIT	NONE
X298	SANTA CLARITA VALLEY SENIOR CENTER	22900 MARKET ST, SANTA CLARITA 91321	9240	7920	OWNED	NONE
F371	PW FLOOD-PACOIMA DAM OFFICE	15300 N PACOIMA CANYON RD, NEWHALL 91321	598	538	OWNED	NONE
F381	PW FLOOD-PACOIMA DAM OFFICE	15300 N PACOIMA CANYON RD, NEWHALL 91321	980	882	OWNED	NONE
3315	PCHS DT CTR-COUNSELING OFFICE	29310 THE OLD RD, CASTAIC 91384	480	414	OWNED	NONE
0478	PCHS DT CTR-FIELD OFFICE / STORAGE BUILDING	29310 THE OLD RD, CASTAIC 91384	1870	1637	OWNED	NONE
1042	PCHS DT CTR-FOREMAN'S OFFICE	29310 THE OLD RD, CASTAIC 91384	174	104	OWNED	NONE
0515	PCHS DT CTR-GUARD HOUSE OFFICE	29310 THE OLD RD, CASTAIC 91384	240	221	OWNED	NONE
0465	PCHS DT CTR-HONOR RANCHO ADMINISTRATION BLDG	29310 THE OLD RD, CASTAIC 91384	2171	1517	OWNED	NONE
1935	PCHS DT CTR-LIBRARY	29310 THE OLD RD, CASTAIC 91384	4477	3861	OWNED	NONE
2570	PCHS DT CTR-MASONRY OFFICE	29310 THE OLD RD, CASTAIC 91384	288	246	OWNED	NONE
4792	PCHS DT CTR-MEDIUM SECURITY ADMINISTRATION	29310 THE OLD RD, CASTAIC 91384	25726	16719	OWNED	NONE
1036	PCHS DT CTR-MOTOR POOL OFFICE	29310 THE OLD RD, CASTAIC 91384	397	262	OWNED	NONE
4504	PCHS DT CTR-NURSERY OFFICE	29310 THE OLD RD, CASTAIC 91384	1629	1230	OWNED	NONE
X127	PCHS DT CTR-RANGE MASTER'S OFFICE	29310 THE OLD RD, CASTAIC 91384	665	362	OWNED	NONE
1936	PCHS DT CTR-REHABILITATION OFFICE	29310 THE OLD RD, CASTAIC 91384	4477	3823	OWNED	NONE
2444	PCHS DT CTR-TRUCK SCALE BUILDING	29310 THE OLD RD, CASTAIC 91384	54	40	OWNED	NONE
3733	PCHS DT CTR-WASTE DISPOSAL PLANT OFFICE	29310 THE OLD RD, CASTAIC 91384	760	266	OWNED	NONE
4085	PUBLIC LIBRARY-NEWHALL LIBRARY	22704 W 9TH ST, SANTA CLARITA 91321	4842	3432	OWNED	NONE
F487	PW FLOOD-SANTA CLARA MAINTENANCE CREW OFFICE	21014 GOLDEN TRIANGLE RD, SANTA CLARITA 91351	125	112	OWNED	NONE
A920	BOARD OF SUP-5TH DISTRICT FIELD OFFICE	23920 W VALENCIA BLVD, SANTA CLARITA 91355	1224	1026	LEASED	NONE
A524	DCFS-REGION VIII SANTA CLARITA SERVICES	28490 AVE STANFORD, SANTA CLARITA 91355	32743	29469	LEASED	NONE
5541	PUBLIC LIBRARY-VALENCIA LIBRARY	23743 W VALENCIA BLVD, SANTA CLARITA 91355	24144	19245	OWNED	NONE
5542	SANTA CLARITA ADMINISTRATIVE CENTER BUILDING	23757 W VALENCIA BLVD, SANTA CLARITA 91355	22767	20427	OWNED	NONE
5543	SANTA CLARITA COURTHOUSE	23747 W VALENCIA BLVD, SANTA CLARITA 91355	32950	17979	OWNED	NONE

DATE POSTED – September 18, 2007

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles
Chief Administrative Office
2. Address/Phone No. - 222 South Hill Street, 3rd Floor
Los Angeles, California 90012
3. Date Information Form Submitted – September 18, 2007
4. Agency Requiring Information Form - Los Angeles County
Chief Administrative Office
5. Name of Proposal, if Applicable -
6. Address of Facility Involved – 26415 Carl Boyer Drive
Santa Clarita, CA 91355

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2. above and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con el agente designado, para asistencia en obtener una traduccion.

ORIGINAL FILED

SEP 18 2007

LOS ANGELES, COUNTY CLERK

NEGATIVE DECLARATION

Department Name: Public Health
Project: Santa Clarita Environmental Health Center

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

1. Description of Project

The leasing of existing office space in an existing commercial building to be used by the County of Los Angeles, Department of Public Health as a Environmental Health Center.

2. a. Location of Project (plot plan attached)

26415 Carl Boyer Drive
Santa Clarita, CA 91355

b. Name of Project Proponent

County of Los Angeles
Chief Administrative Office
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated September 18, 2007 which constitutes the Initial Study of this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the Chief Administrative Office and is attached hereto.

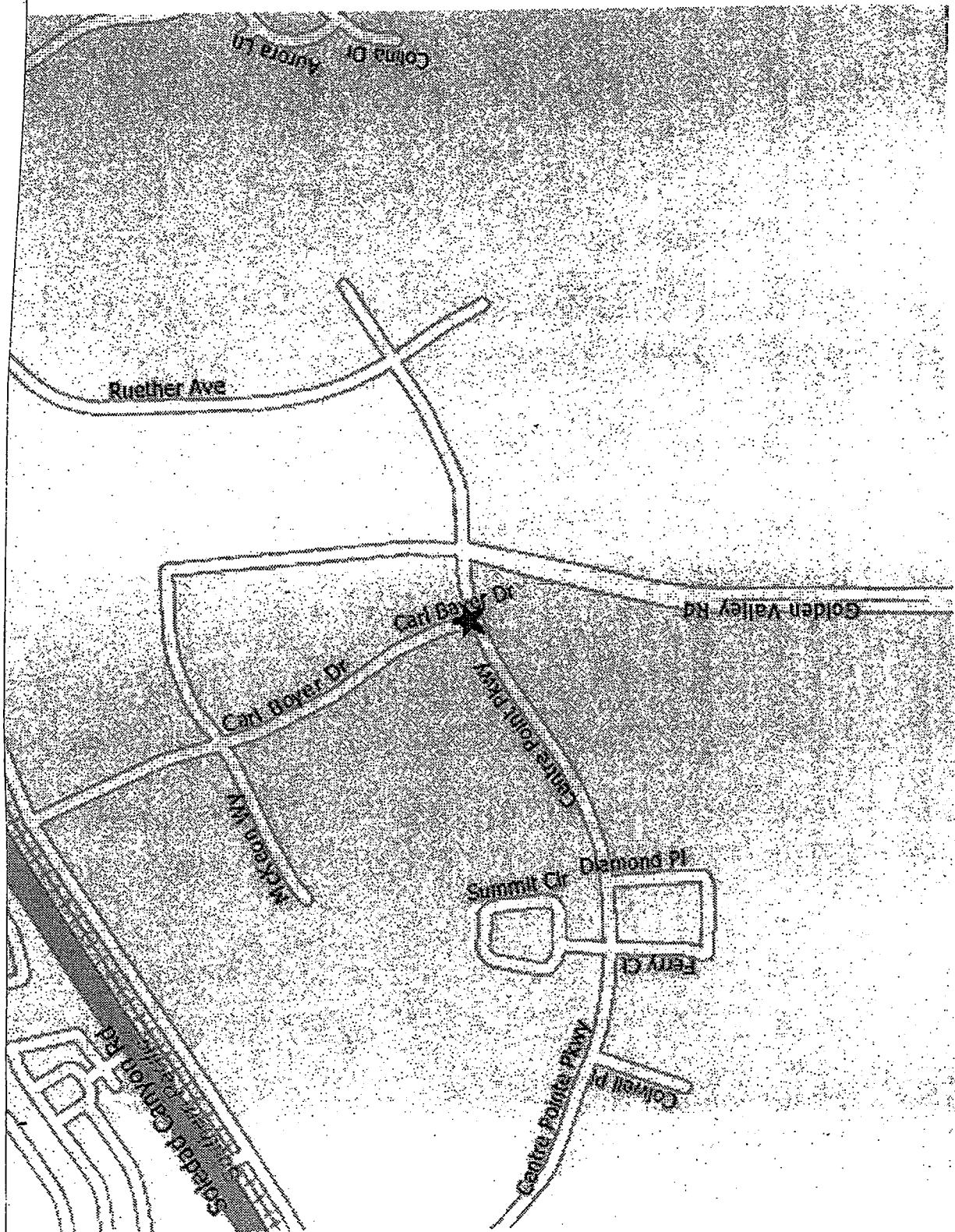
5. Mitigation Measures Included in Project

None required.

Date
September 18, 2007

Real Property Agent
Kevin Webb

Telephone
(213) 974-4170



**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE**

NEGATIVE DECLARATION

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to lease facilities at 26415 Carl Boyer Drive, Santa Clarita, California, which will be used by the Department of Public Health for administrative purposes. The facilities, located in the Fifth Supervisorial District approximately 37 miles from the Los Angeles Civic Center, include 5,600 square feet of office space. The County shall have use of 28 off-street parking spaces for Public Health staff and visitors. The Landlord has no expansion plans beyond the scope of this project.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. Mitigation Measures

None required.

INITIAL STUDY

I. Location and Description of Project

These proposed leased premises are located at 26415 Carl Boyer Drive, Santa Clarita, located in the Fifth Supervisorial District approximately 37 miles north of the Los Angeles Civic Center and 6 miles east of the Interstate 5 Freeway. (See attached map)

The building to be used is owned by Spirit Properties, LTD. and is intended for use as office space. Located at the site are 28 exclusive off-street parking spaces for the County's use and ample public parking located within the on-site parking lot.

This project consists of leasing this facility for 7 years in which will be located the Department of Public Health, Santa Clarita Public Health Center. It is anticipated that an average of 20-27 employees will be occupying the premises with the maximum employee occupancy anticipated to be 27 per day. In addition to the employees, it is anticipated that an average of 34 members of the public will be visiting the facility, daily. No expansion of existing premises will occur for this project and no alterations, except for interior furnishings, will be performed for this project.

II. Compatibility with General Plan

This project site is currently designated as commercial office use in the City of Santa Clarita General Plan and zoned LCC3. The proposed project would be consistent with these designations.

III. Environmental Setting

The project site is located in an area of retail and commercial type facilities. The site includes approximately 40,000 square feet of developed property within a 55,000 square foot parcel. The site is bordered by McKeon Way on the north side, Centre Point Parkway on the south side, Diamond Place on the west side, and Golden Valley Road on the east side.

IV. Identification of Environmental Effects

- A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines will be necessary.
- B. The project will not conflict with adopted environmental plans and goals of the City of Santa Clarita.

- C. The project will not have a substantial demonstrable negative aesthetic effect on the site. The existing facility will be continued to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a government use of private property for public benefit purposes. The County's use is in conformance with uses approved by the City of Santa Clarita.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expend a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No increased energy consumption is anticipated by the County's use of the premises.

- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None Required.

VI. Initial Study Preparation

This study was prepared by Kevin Webb of the Los Angeles County Chief Administrative Office, Real Estate Division. This study was completed on September 18, 2007.

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT**

TENANT: DEPARTMENT of PUBLIC HEALTH

LANDLORD: SPIRIT PROPERTIES, LTD

**Centre Pointe Plaza
26415 Carl Boyer Drive
Santa Clarita, CA 91350**

TABLE OF CONTENTS

	<u>Page</u>
1. BASIC LEASE INFORMATION.....	1
1.1 <u>General Information</u>	1
(a) <u>Landlord's Address for Notice:</u>	1
(b) <u>Tenant's Address for Notice:</u>	1
(c) <u>Premises:</u>	1
(d) <u>Building:</u>	1
(e) <u>Term:</u>	2
(f) <u>Projected Commencement Date:</u>	2
(g) <u>Commencement Date:</u>	2
(h) <u>Irrevocable Offer Expiration Date:</u>	2
(i) <u>Base Rent:</u>	2
(j) <u>Early Termination Effective Date:</u>	2
(k) <u>Early Termination Notice Date:</u>	2
(l) <u>Use:</u>	2
(m) <u>Initial Departmental Use:</u>	2
(n) <u>Parking Spaces:</u>	2
(o) <u>Normal Working Hours:</u>	3
(p) <u>Asbestos Report:</u>	3
1.2 <u>Defined Terms Relating to Tenant Improvements (TIs)</u>	3
(a) <u>Base Tenant Improvement Allowance</u>	3
(b) <u>Additional Tenant Improvement Allowance</u>	3
(c) <u>Maximum Change Order Allowance</u>	3

(d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	3
(e) <u>Tenant's Work Letter Representative</u>	3
(f) <u>Landlord's Work Letter Representative</u>	3
(g) <u>Landlord's Address for Work Letter Notice</u>	3
(h) <u>Tenant's Address for Workletter Notice</u>	4
1.3 <u>Exhibits to Lease:</u>	4
2. PREMISES.....	5
3. COMMON AREAS	5
4. COMMENCEMENT AND EXPIRATION DATES	5
5. RENT	7
6. USES	7
7. HOLDOVER.....	7
8. COMPLIANCE WITH LAW	7
9. DAMAGE OR DESTRUCTION.....	8
10. REPAIRS AND MAINTENANCE.	9
11. SERVICES AND UTILITIES.	10
(a) <u>HVAC</u>	10
(b) <u>Electricity</u>	10
(c) <u>Elevators</u>	10
(d) <u>Water</u>	10
(e) <u>Waste Removal</u>	10
(f) <u>Access</u>	11
(g) <u>Gas & Heat expenses</u>	11
(h) <u>Electricity expenses</u>	11
12. LANDLORD ACCESS.....	11

13. TENANT DEFAULT.....	11
14. LANDLORD DEFAULT.....	12
15. TENANT ASSIGNMENT	12
16. ALTERATIONS AND ADDITIONS.....	13
17. CONDEMNATION.....	13
18. INDEMNIFICATION.....	14
19. INSURANCE.	15
20. PARKING.....	16
21. ENVIRONMENTAL MATTERS	16
22. ESTOPPEL CERTIFICATES.....	17
23. TENANT IMPROVEMENTS	17
24. LIENS.....	18
25. SUBORDINATION AND MORTGAGES	18
26. SURRENDER OF POSSESSION	18
27. SIGNAGE	18
28. QUIET ENJOYMENT	19
29. GENERAL	19
30. AUTHORITY.....	20
31. ACKNOWLEDGEMENT BY LANDLORD.....	21
32. TAXES.....	22
33. IRREVOCABLE OFFER	23

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

THIS LEASE AND AGREEMENT (the "Lease"), is made and entered into in duplicate original as of the _____ day of November, 2007 by and between Spirit Properties LTD ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

1.1 General Information

(a) Landlord's Address for Notice:

Spirit Properties LTD
21070 Centre Pointe Parkway
Santa Clarita, CA 91350

(b) Tenant's Address for Notice:

Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

(c) Premises:

Approximately 5,594 rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto.

(d) Building:

The building located at 26415 Carl Boyer Drive, Santa Clarita, CA 91350 which is currently assessed by the County Assessor as APN 2836-071-018 (the "Property").

- (e) Term: Seven (7) years commencing on the Commencement Date (as defined below) and terminating at midnight on the day before the Seventh (7th) anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
- (f) Projected Commencement Date: March 1, 2008
- (g) Commencement Date: The earlier of (i) the date Tenant first commences to conduct business in the Premises, or (ii) the date of Substantial Completion of Improvements in the Premises (as that term is defined below), which is anticipated to occur on the Projected Commencement Date.
- (h) Irrevocable Offer Expiration Date: October 15, 2007
- (i) Base Rent: \$14, 824.10 per month (which is based upon a rental rate of \$2.65 per rentable square foot), adjustable only as provided in Section 2(b) and 5(a) hereof.
- (j) Early Termination Effective Date: At or after the last day of the sixtieth (60th) full calendar month of the term.
- (k) Early Termination Notice Date: The date which is at least nine (9) months prior to the Early Termination Effective Date.
- (l) Use: General office use or for any other lawful purposes not incompatible with other uses in the Building.
- (m) Initial Departmental Use: Public Health
- (n) Parking Spaces: Twenty-eight (28) unreserved parking spaces.

(o) Normal Working Hours: 8:00 a.m. to 6:00 p.m., Monday through Friday and 9:00 a.m. to 1:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.

(p) Asbestos Report: N/A

1.2 Defined Terms Relating to Tenant Improvements (TIs)

(a) Improvement Allowance

\$195,790 (i.e., \$35.00 per rentable square foot of the Premises)

(b) Additional Allowance

\$279,700 (i.e., \$50 per rentable square foot of the Premises)

(c) Maximum Change Order Allowance

\$25,000.00

(d) Additional Tenant Improvement and Change Order Amortization Rate:

9% per annum

(e) Tenant's Work Letter Representative

Kevin Webb

(f) Landlord's Work Letter Representative

Brooke Rege

(g) Landlord's Address for Work Letter Notice

Spirit Properties LTD

21070 Centre Pointe Parkway

Santa Clarita, CA 91350

(h) Tenant's Address for
Work Letter Notice

Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

1.3 Exhibits to Lease:

Exhibit A – Floor Plan
Exhibit B- Commencement Date
Memorandum
Exhibit C - Cleaning and Maintenance
Schedule
Exhibit D - Memorandum of Tenant
Improvement Costs
Exhibit E - Tenant Estoppel Certificate
Exhibit F – Subordination, Non-disturbance
and Attornment Agreement
Exhibit G – Nondisturbance Agreement
Exhibit H - Request for Notice
Exhibit I - Landlord's Work Letter

2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Landlord and Tenant hereby stipulate that the Premises contains the number of square feet specified in Section 1.1(c), above.

3. COMMON AREAS. Tenant may use the following areas (collectively, the "Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. If Landlord does not deliver possession of the Premises to Tenant on or before the Projected Commencement Date (as set forth in Section 1.1(f), above), Landlord shall not be subject to any liability for its failure to do so, and such failure shall not affect the validity of this Lease nor the obligations of Tenant hereunder. Notwithstanding the foregoing, if the Commencement Date has not occurred on or before the later to occur of: (i) March 1, 2008 or (ii) the date which is two (2) weeks after the Contractor's scheduled Completion Date of the construction of the Improvements (as defined in Exhibit "T", attached hereto) (the "Completion Date"), then, as Tenant's sole and exclusive remedy (except as otherwise provided herein), Tenant shall receive a credit against monthly Base Rent next due under this Lease equal to one (1) day of Monthly Base Rent for each day that occurs during the period commencing as of the Completion Date and ending as of the date Landlord delivers the Premises to Tenant with the Improvements Substantially Complete. Notwithstanding the foregoing, the Completion Date shall be extended one (1) day for each day of Tenant Delay (as defined in Exhibit "T") and Force Majeure. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit B. The Commencement Date shall be the date of Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises.

The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent (e.g., final sign-off by City and/or County Fire and Building Inspectors); and (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease.

(b) Termination Right. If the Commencement Date has not occurred within 90 days from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

(c) Early Possession. Tenant shall be entitled to possession of the Premises not less than 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Base Rent for such early occupancy period.

(d) Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than nine (9) months prior written notice (the "Early Termination Notice") executed by the Chief Executive Officer of Tenant. In the event of such termination, Tenant shall pay the Landlord a termination fee in an amount equal to the sum of the unamortized portion of the Improvement Allowance (as defined in Exhibit "T" attached hereto) and brokerage commissions paid by Landlord in connection with this Lease amortized at nine percent (9%) per annum, to be paid by Tenant within thirty (30) days after the Early Termination Effective Date.

5. RENT.

(a) The first full calendar month's rent shall be due and payable within 15 days of the Commencement Date in the total amount shown in Section 1(i) hereof. A monthly installment in the same amount, subject to the adjustments described herein below, shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the Term, except that Rent for any fractional calendar month at the commencement or end of the Term shall be prorated on a daily basis, provided that Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term.

(b) From and after the first anniversary of the Commencement Date, on the first full day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary date of the Adjustment Date thereafter, Base Rent shall be increased by four percent (4%) over the prior year's Base Rent.

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Landlord or 90 days written notice from the Chief Executive Officer of Tenant at the last monthly Base Rent payable under this Lease (as such Base Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease. Nothing contained in this Article 7 shall be construed as consent by Landlord to any holding over of the Premises by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or earlier termination of the Term.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, at Landlord's expense and limited to insurance proceeds, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within 10 days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Base Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving written notice within 10 days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof, from the Base Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that (i) to the best of its actual knowledge, the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) to the best of its actual knowledge, the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering; (2) interior partitions; (3) doors; (4) the interior side of demising walls and (5) signage. Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than 10 days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building, excluding other Premises, to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at 10% per annum. If not reimbursed by Landlord within 10 days, Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

11. SERVICES AND UTILITIES.

Landlord shall be responsible for providing the following services and utilities to the Premises, at its sole cost and expense:

(a) HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings in the area in which the Premises is located.

(b) Electricity. Landlord shall furnish to the Premises an amount of electric current not less than 7 watts (connected load) per Rentable Square Foot in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels necessary for Tenant to utilize such capacity in the Premises.

(c) Elevators.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Waste Removal. Landlord shall be responsible for waste and trash removal, sewer services, and janitorial services pursuant to the specifications set forth herein in Exhibit C, attached hereto and incorporated herein by this reference.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a 7 day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

(g) Gas & Heat expenses.

(h) Electricity expenses.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Base Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Base Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Section 13 shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within 5 days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)) ; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such 5 day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of 10% per annum from the installments of Base Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; or (iv) to terminate this Lease.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. TENANT ASSIGNMENT. Tenant may not assign, or otherwise transfer this Lease without first obtaining Landlord's prior consent: provided, however, no such assignment, or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for: (a) the removal or installation by Tenant (at Tenant's sole cost) of modular furniture in the Premises, or (b) any cosmetic Alteration that satisfies all of the following criteria ("Cosmetic Alterations"): (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; (4) does not exceed \$20,000 in any twelve (12) month period; provided, however, Tenant shall deliver to Landlord at least ten (10) days prior written notice of any such Cosmetic Alterations. If Landlord fails to respond in writing within 30 days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination.

Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its employees or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord.

The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19.INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease shall constitute a material breach of this Lease.

(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that Landlord has named Tenant as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required.

Further, all certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of non-exclusive parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. Landlord shall use its commercially reasonable efforts to ensure that Tenant shall have the use of its duly allocated number of parking spaces throughout the Term of this Lease. Landlord's breach of the immediately preceding sentence for more than seven (7) consecutive calendar days shall constitute a material Landlord Default.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) and such condition continues for a period of 60 days, Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective 30 days thereafter, or (b) deduct from the Base Rent thereafter accruing hereunder an amount each month equal to \$50 per parking space.

21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or

potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects.

As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials on the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES. Tenant shall, within 30 days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Exhibit "E" attached hereto and incorporated herein by this reference, but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant and hereunder and hereby indemnifies and holds Landlord harmless from any liability or loss from any such lien. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.


25. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Exhibit "F" attached hereto and incorporated herein by this reference, and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Premises shall provide a written non-disturbance agreement to Tenant, in the form of Exhibit "G" attached hereto and incorporated herein by this reference, within 30 days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Premises in the form of Exhibit "H" attached hereto and incorporated herein by this reference.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Premises gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten days within which to cure such Default.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant ~~may~~ ~~(but shall not be required to)~~ remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture), and shall repair all damage caused by any such removal. 

27. SIGNAGE. Tenant shall be permitted to install at the Premises Building Standard Suite Signage.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

29. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation.

(d) Entire Agreement. This Lease (and the Landlord's Work Letter) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both parties.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit "I" attached hereto and incorporated herein by this reference.

30. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action.

No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegee (the "Chief Executive Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County.

Notwithstanding the foregoing, Tenant hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with collateralized mortgage backed securities ("CMBS") financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to, certificate of participation financing.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

32. TAXES. Landlord shall pay promptly all real property taxes, assessments, and special assessments which may be levied or assessed against the Building or Premises during the term of this Lease or any renewal or holdover period thereof. In the event Landlord fails or refuses to pay any or all taxes or assessments when due, then Landlord shall have materially defaulted on this provision of the Lease and Tenant shall give Landlord at least thirty days' advance written notice of its intent to pay such taxes and/or assessments and deduct the respective payment amount from future rental payments as a charge against the Landlord.

33. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County, if applicable, in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

Spirit Properties LTD

By: 

Name: Randy Wragge

Its: Manager

By: _____

Name: _____

Its: _____

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____

ZEV YAROSLAVSKY

Chairman, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By: 

Deputy County Counsel

EXHIBIT A
FLOOR PLAN OF PREMISES

EXHIBIT B

COMMENCEMENT DATE MEMORANDUM

Reference is made to that certain lease ("Lease") dated _____, 2007, between County of Los Angeles, a body politic and corporate ("Tenant"), and _____, a _____ ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at _____ ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on _____ ("Commencement Date");
- (4) The Premises contain _____ rentable square feet of space; and
- (5) Base Rent Per Month is _____.

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 200__.

"Tenant"

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Its: _____

"Landlord"

Spirit Properties LTD,
a _____

By: _____
Name: _____
Its: _____

EXHIBIT C

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. Carpet professionally spot cleaned as required to remove stains.
- G. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

A. Windows washed as required inside and outside but not less frequently than twice annually.

B. All painted wall and door surfaces washed and stains removed.

6. ANNUALLY

A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.

B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.

C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.

B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT D

Memorandum of Tenant Improvement Costs

This Agreement is dated this _____ day of _____, 2007, for reference purposes only, by and between Landlord, _____, and Tenant, COUNTY OF LOS ANGELES.

The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Landlord to Tenant of the buildings located at _____ ("the Premises").

Landlord and Tenant hereby confirm the following:

A. The final total cost of the tenant improvements is (\$_____).

This is comprised of:

Lease Budget		<u>Actual Cost</u>
\$	Tenant Improvement Allowance	\$_____
\$	Additional Tenant Improvement Allowance	\$_____
\$	Change Order Allowance	\$_____
\$	Total	\$_____

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Landlord: Spirit Properties LTD

By:

Its: _____

Tenant: COUNTY OF LOS ANGELES

By _____

EXHIBIT E

TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn: _____

Re: Date of Certificate: _____
 Lease Dated: _____
 Current Landlord: _____
 Located at: _____
 Premises: _____
 Commencement Date of Term: _____
 Expiration Date: _____
 Current Rent: _____

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

 (b) The current Rent is set forth above.

 (c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Except as specified in the Lease, Tenant has no option or right to renew, extend or cancel the Lease.

 (d) Except as specified in the Lease, Tenant has no option or right to lease additional space in the Premises or Building or to use any parking.

 (e) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

 (f) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession, except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified, changed, altered or amended and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.

(c) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: _____

Name: _____

Title: _____

EXHIBIT F

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

AND WHEN RECORDED MAIL TO:

County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012

)
)
)
)
)
)

Space above for Recorder's Use

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination, Non-Disturbance and Attornment Agreement ("Agreement") is entered into as of the _____ day of _____, 200__ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), _____ ("Borrower") and _____, ("Lender").

Factual Background

A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") entered into a lease dated _____ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a Non-Disturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Subordination. The Lease shall be subject and subordinate to the lien of the Deed of Trust and to any renewals, modifications, consolidations, replacements and extensions of the Deed of Trust to the full extent of the principal sum secured by the Deed of Trust including any interest except that if Tenant is granted any option to extend the term of the Lease, right of first offer to lease additional premises, option to purchase the Property, or right of first option to purchase the Property in the Lease such provisions shall not be affected or diminished by this subordination which is conditioned upon the agreement of Borrower and Lender in section 3 hereof.

2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Non-Disturbance. The Transfer of the Property or any enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted in the Lease.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: _____

To Borrower: _____

To Tenant: County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one and the same instrument.

TENANT: COUNTY OF LOS ANGELES,
a body politic and corporate

APPROVED AS TO FORM

RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Deputy County Counsel

By: _____
William L. Dawson
Deputy Director of Real Estate

BORROWER:

By: _____
Name: _____
Title: _____

LENDER: *[Insert name of Lender]*,
By: _____

NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Space above for Recorder's Use

This Nondisturbance and Attornment Agreement ("Agreement") is entered into as of the ____ day of _____, 200__ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), and [Insert name of Lender], ("Lender").

A. *[Insert name of Landlord]*, ("Borrower") owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

C. Tenant and Borrower (as “Landlord”) intend to or have entered into a lease (the “Lease”) under which Borrower leases to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the “Premises”).

D. Tenant's rights under the Lease are subordinate to the lien of the Deed of Trust. Tenant is willing to make the substantial investment in the Premises required under the Lease, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser," as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.
2. Nondisturbance. The Transfer of the Property or enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted pursuant to the Lease.
3. Attornment. Provided that Lender complies with Section 2 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.
4. Lender Not Obligated. Provided that Lender complies with Section 2 above, Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.
5. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: _____

To Borrower: _____

To Tenant: County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

6. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State. This Agreement is the entire agreement between the Lender and Tenant and may only be modified by a written amendment executed by Lender and Tenant.

APPROVED AS TO FORM

TENANT: COUNTY OF LOS ANGELES,
a body politic and corporate

RAYMOND G. FORTNER, JR.
County Counsel

By: _____

Deputy County Counsel

By: _____
Director of Real Estate

BORROWER: [Insert name of Landlord]

By: _____

Name: _____

Title: _____

LENDER: [Insert name of Lender]

By: _____

Name: _____

Title: _____

EXHIBIT H

REQUEST FOR NOTICE

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

REQUEST FOR NOTICE

(UNDER SECTION 2924B CIVIL CODE)

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust described below:

Date of Recording of Deed of Trust

Instrument Number of Deed of Trust

Trustor

Trustee

Beneficiary

be mailed to County of Los Angeles, Chief Executive Office, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, Attention: Director of Real Estate.

"LENDER:

a _____

By: _____
SIGNEE'S NAME

Its: SIGNEE'S TITLE

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

COUNTY OF _____ ss.

On this ____ day of _____, 20__, before me, _____
a Notary Public in and for the State of California, personally appeared _____
_____ personally known to me (or proved on the basis of satisfactory
evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and
acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies),
and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Signature _____

My commission expires _____.

EXHIBIT I

LANDLORD'S WORK LETTER

This Landlord's Work Letter shall set forth the terms and conditions relating to the tenant improvements in the Premises. This Landlord's Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise.

SECTION 1

LANDLORD'S INITIAL CONSTRUCTION IN THE PREMISES

Landlord has constructed, at its sole cost and expense, the base, shell and core (i) of the Premises, and (ii) of the floor of the property on which the Premises is located, as set forth in Addendum A attached hereto and incorporated herein by this reference (collectively, the "**Base, Shell and Core**"). The improvements to be initially installed in the Premises shall be designed and constructed pursuant to this Landlord's Work Letter. Any costs of initial design and construction of any improvements to the Premises shall be an "Improvement Allowance Item," as that term is defined in Section 2.2 of this Landlord's Work Letter.

SECTION 2

ALLOWANCES; IMPROVEMENTS

2.1 Allowances.

2.1.1 Improvement Allowance. Tenant shall be entitled to a one-time improvement allowance (the "**Improvement Allowance**") in the amount of \$195,790.00 (i.e., \$35.00 per rentable square foot of the Premises) for the costs relating to the initial design and construction of Tenant's improvements as defined in Addendum B to Landlord's Work Letter attached hereto and incorporated herein by this reference (the "**Improvements**"). In no event shall Landlord be obligated to make disbursements pursuant to this Landlord's Work Letter in a total amount which exceeds the Improvement Allowance, plus the Additional Allowance (as defined below) plus the Maximum Change Order Allowance (as defined below), in the aggregate, and, provided that Tenant does not elect to receive the Additional Allowance (as defined below), in no event shall Tenant be entitled to any credit for any unused portion of the Improvement Allowance not used by Tenant by the one (1) year anniversary of the Commencement Date.

2.1.2 Additional Allowance. Notwithstanding any contrary provision contained in Section 2.1.1 hereof, Tenant may elect, at any time prior to or during construction of the Tenant Improvements, pursuant to a written notice delivered to Landlord (the "**Additional Allowance Notice**"), to receive a one-time increase (the "**Additional Allowance**") of the Tenant Improvement Allowance in an amount not to exceed \$279,700.00 (i.e., \$50.00 per rentable square foot of the Premises), in the aggregate, for costs relating to the design and construction of the Improvements.

If Tenant shall exercise such right to use all or any portion of the Additional Allowance (and/or Maximum Change Order Allowance, as applicable), then Tenant shall repay the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) to Landlord either (a) in a lump sum upon Substantial Completion of the Improvements, or (b) as Additional Monthly Base Rent, in accordance with the terms and conditions set forth in this Section 2.1.2. If Tenant shall not elect to repay Landlord for the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) in a lump sum, then the monthly Base Rent for the Premises shall be increased by an amount equal to the Additional Monthly Base Rent (as defined below) in order to repay the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) to Landlord. Tenant's election to repay the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) as Additional Monthly Base Rent shall not preclude Tenant from later electing to repay the then-remaining portion of the Additional Allowance (and/or Maximum Change Order Allowance, as applicable), or any portion thereof, in a lump sum and Tenant shall be entitled to elect to repay the Additional Allowance (and/or Maximum Change Order Allowance, as applicable), or portion thereof, in a lump sum at any time during the Term. The "**Additional Monthly Base Rent**" shall mean the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) Tenant has elected to receive, amortized over the initial sixty (60) months of the Term on a monthly basis, with interest accruing on the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) at nine percent (9%) per annum. If the Lease shall be cancelled or terminated for any reason permitted under the Lease prior to the expiration of the full initial Term, the unamortized Additional Allowance (and/or Maximum Change Order Allowance, as applicable) shall become due and payable to Landlord within thirty (30) days after the effective date of any such termination of this Lease. In the event that Tenant shall elect to utilize all or a portion of the Additional Allowance (and/or Maximum Change Order Allowance, as applicable), then (a) all references in this Exhibit "I" to "Improvement Allowance" shall be deemed to include the Additional Allowance (and/or Maximum Change Order Allowance, as applicable) which Tenant elects to utilize, (b) the parties shall promptly execute a Memorandum of Tenant Improvement Allowances, which may be signed on behalf of Tenant by its Director of Real Estate.

2.1.3 Change Order Allowance. Tenant may elect, at any time during the construction of the Improvements, pursuant to a written notice delivered to Landlord (the "**Additional Allowance Notice**"), to receive a one-time allowance (the "**Maximum Change Order Allowance**") in an amount not to exceed \$25,000.00, in the aggregate, for costs relating to Tenant's requested changes ("**Change Orders**") to the Construction Drawings (as defined below) or the Improvements. Tenant shall be entitled to make only those changes to the Construction Drawings and the Improvements which are approved in advance, in writing by Landlord (and Tenant shall be responsible for any Tenant Delay resulting from any such Change Orders). The Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Executive Office ("CEO") is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Each Change Order must be signed and dated by the CEO. Upon Tenant's written request, Landlord shall provide Tenant with (i) the specific cost of the requested change, (ii) the cumulative net total cost of all approved Change Orders, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Tenant shall be responsible for submitting all Change Order requests to the CEO for its approval.

Tenant acknowledges and agrees that Landlord shall have no obligation to proceed with a Change Order until Landlord receives a Change Order approved by the CEO in accordance with the terms of this Section 2.1.3. Tenant shall elect to repay to Landlord the portion of the Maximum Change Order Allowance used by Tenant either (a) in a lump sum upon Substantial Completion of the Improvements, or (b) as Additional Monthly Base Rent, in accordance with the terms and conditions set forth in Section 2.1.2, above.

2.1.4 Additional Costs Not Tenant Improvement Costs.

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, operational shall be at Landlord's sole cost and expense. Costs of upgrades to the operational HVAC and electrical systems identified in Exhibit A to the Lease and Addendum B hereto shall be funded via the Tenant Improvement Allowances. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including without limitation all expenses associated with curing any "Sick Building Syndromes" (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease except for those set forth in Exhibit A to the Lease and Addendum B hereto.

2.2 Disbursement of the Improvement Allowance. Except as otherwise set forth in this Landlord's Work Letter, the Improvement Allowance shall be disbursed by Landlord (each of which disbursements shall be made pursuant to Landlord's disbursement process) for costs related to the construction of the Improvements and for the following items and costs (collectively, the "**Improvement Allowance Items**"): (i) payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Landlord's Work Letter, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Drawings," as that term is defined in Section 3.1 of this Landlord's Work Letter; (ii) the cost of permits; (iii) the cost of any changes to the Construction Drawings or Improvements required by applicable building codes (the "**Code**"); and (iv) the "Landlord Coordination Fee," as that term is defined in Section 4.3.2 of this Landlord's Work Letter. However, in no event shall more than Five and 00/100 Dollars (\$5.00) per usable square foot of the Improvement Allowance be used for the aggregate cost of items described in (i) and (ii) above; any additional amount incurred as a result of (i) and (ii) above shall be deemed to constitute an Over-Allowance Amount (as defined below).

2.2.1 Tenant Improvement Costs Adjustments and Right to Audit.

Within 20 days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Santa Clarita, whichever occurs first, Landlord shall notify Tenant of the final Tenant Improvement costs, by executing a summarized breakdown of the total costs of the Tenant Improvements in the form of Addendum C – Memorandum of Tenant Improvement Costs attached hereto and incorporated herein by this reference. Tenant shall have the right to audit such costs for a period of 24 months from the date of Tenant's acceptance of the Premises. The Memorandum of Tenant Improvement Costs shall set forth the amount of Additional Monthly Rent payable by Tenant as reimbursement for the Additional Allowance plus, if applicable, the portion of the Maximum Change Order Allowance utilized. The first installment of Additional Monthly Rent shall be paid by Tenant within 30 days of mutual execution of the Memorandum of Tenant Improvement Costs.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Landlord shall retain, after soliciting and reviewing at least three bids, an architect/space planner (the "**Architect**") to prepare the "Construction Drawings," as that term is defined in this Section 3.1. Landlord shall also retain the engineering consultants (the "**Engineers**") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC and life safety work of the Tenant Improvements. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "**Construction Drawings**." All Construction Drawings shall comply with the drawing format and specifications as reasonably determined by Landlord, and shall be subject to Landlord's reasonable approval.

3.2 Delivery of Preliminary Plans; Final Space Plan. Tenant shall deliver to Landlord the preliminary space plans for the Improvements on or before October 15, 2007. Based on the preliminary space plan, Landlord and the Architect shall prepare the final space plan for Improvements in the Premises (collectively, the "**Final Space Plan**"), which Final Space Plan shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver the Final Space Plan to Landlord for Tenant's reasonable approval which Tenant shall provide within four (4) business days.

3.3 Final Working Drawings. Landlord and the Engineers shall complete the architectural and engineering drawings for the Premises, and the final architectural working drawings in a form which is complete to allow general contractors to bid on the work and to obtain all applicable permits (collectively, the "**Final Working Drawings**").

3.4 Permits. The Final Working Drawings shall promptly be approved by Landlord and shall be approved by Tenant (the "Approved Working Drawings") five (5) business days after delivery of the Final Working Drawings by Landlord to Tenant. Tenant hereby agrees to use its best efforts to cause the Board adoption of the Lease to occur on November 6, 2007 or as soon thereafter as is reasonably possible. Landlord shall cause the Architect, immediately following Tenant's approval, to submit the Approved Working Drawings to the appropriate municipal authorities for all applicable building permits necessary to allow "Contractor," as that term is defined in Section 4.1, below, to commence and fully complete the construction of the Improvements (the "Permits"). No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

3.5 Time Deadlines. Landlord and Tenant shall use their commercially reasonable efforts and due diligence to cooperate with the Architect and the Engineers to complete all phases of the Construction Drawings and the permitting process and to receive the permits, and with Contractor for approval of the "Cost Proposal," as that term is defined in Section 4.2 of this Landlord's Work Letter, as soon as possible after the execution of the Lease, and, in that regard, Landlord and Tenant shall meet with the Contractor on a weekly basis to be determined by Landlord and Tenant, to discuss the progress in connection with the same.

SECTION 4

CONSTRUCTION OF THE IMPROVEMENTS

4.1 Contractor. Landlord shall retain a general contractor for the construction of the Improvements, which Contractor shall be selected by Landlord and Tenant pursuant to a competitive bidding of the Improvement work by three (3) general contractors selected by Landlord and Tenant. Each contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Improvements. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract with Landlord consistent with the terms of the bid to construct the Improvements. 4.2 Cost Proposal. After the Contractor is selected by Landlord and Tenant, Landlord shall provide Tenant with a cost proposal in accordance with the Approved Working Drawings, which cost proposal shall include, as nearly as possible, the cost of all Improvement Allowance Items to be incurred by Tenant in connection with the construction of the Improvements (the "Cost Proposal"). Tenant shall approve and deliver the Cost Proposal to Landlord within four (4) business days of the receipt of the same, and upon receipt of the same by Landlord, Landlord shall be released by Tenant to purchase the items set forth in the Cost Proposal and to commence the construction relating to such items. The date by which Tenant must approve and deliver the Cost Proposal to Landlord shall be known hereafter as the "Cost Proposal Delivery Date".

4.3 Construction of Improvements by Contractor under the Coordination of Landlord.

4.3.1 Landlord's Retention of Contractor. Landlord shall independently retain Contractor, on behalf of Tenant, to construct the Improvements in accordance with the Approved Working Drawings and the Cost Proposal and Landlord shall coordinate the construction by Contractor, and Tenant shall pay a construction coordination fee (the "**Landlord Coordination Fee**") to Landlord in an amount equal to the product of (i) three percent (3%) and (ii) an amount equal to the Improvement Allowance plus, to the extent applicable, the Additional Allowance, plus, to the extent applicable, the Maximum Change Order Allowance.

4.3.2 Notice of Non-responsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of non-responsibility by Tenant.

4.3.3 Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

SECTION 5

COMPLETION OF THE IMPROVEMENTS

5.1 Substantial Completion. For purposes of this Lease, "**Substantial Completion**" of the Improvements in the Premises shall occur in accordance with and as defined in Section 4(a) of the Lease. Prior to commencing construction, the selected Contractor shall provide Landlord and Tenant with a detailed construction schedule and "**Completion Date**".

5.2 Telephone/Computer Room and Equipment. Landlord shall complete the telephone equipment room(s), including without limitation permanent power and HVAC, in compliance with the Final Space Plan and specifications provided by Tenant, at least 30 days prior to the Completion Date. During this 30-day period, the Landlord shall be responsible for any telephone/data equipment delivered to the site for programming prior to Substantial Completion.

5.3 Delay of the Substantial Completion of the Premises. Except as provided in this Section 5, the Commencement Date and Tenant's obligation to pay rent for the Premises shall occur as set forth in the Lease. However, if there shall be a delay or there are delays in the Substantial Completion of the Improvements in the Premises as a result of the following (collectively, "**Tenant Delays** "):

5.3.1 Tenant's failure to comply with any time deadlines set forth in this Landlord's Work Letter;

5.3.2 Tenant's failure to timely approve any matter requiring Tenant's approval;

5.3.3 A material breach by Tenant of the terms of this Landlord's Work Letter or the Lease;

5.3.4 Intentionally omitted;

5.3.5 Tenant's request for changes in the Approved Working Drawings or other Change Orders (including Tenant's failure to deliver an executed Change Order);

5.3.6 Tenant's requirement for materials, components, finishes or improvements which have "Long lead times" (Long lead time being defined as any item that takes longer than seven (7) weeks to receive from the time ordered), or which are different from, or not included in, the Standard Improvement Package, as described in Addendum D attached hereto;

5.3.7 Any other acts or omissions of Tenant, or its agents, or employees. Tenant shall not be responsible for any Force Majeure delays, which shall be defined as delays due to lighting, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Tenant.

5.3.8 No Tenant Delay shall be deemed to have occurred and be attributed to the Tenant unless Landlord has provided written notice to Tenant within 48 hours of the event giving rise to such claim, in compliance with this Lease. Any such notice shall specify in detail that a Tenant Delay is claimed to have occurred because of specific actions, inaction or circumstances in accordance with this Section 5. If such actions, inaction or circumstances qualify as a Tenant Delay hereunder, then a Tenant Delay shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord. In the event of a Tenant Delay, notwithstanding anything to the contrary set forth in the Lease or this Landlord's Work Letter and regardless of the actual date of the Substantial Completion of Improvements in the Premises, the date of Substantial Completion thereof shall be deemed to be the date that Substantial Completion would have occurred if no Tenant Delay, as set forth above, had occurred.

SECTION 6

MISCELLANEOUS

6.1 Tenant's Representative. As stated in Section 1 of this Lease, Tenant has designated Kevin Webb of the CEO as its sole representative with respect to the matters set forth in this Landlord's Work Letter, who, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Landlord's Work Letter.

6.2 Landlord's Representative. As stated in Section 1 of this Lease, Landlord has designated Brooke Rege as its sole representative with respect to the matters set forth in this Landlord's Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Landlord's Work Letter.

6.3 Time of the Essence in This Landlord's Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days.

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed and shall construct, at its sole cost and expense Base Building Improvements to include the following:

(a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;

(b) the mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building;

(c) men's and women's restrooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;

(d) concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;

(e) HVAC system and duct for cooling and heating;

(f) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required by government regulations;

(g) primary fire-life safety enunciation system "backbone" and panels as required by government regulations;

(h) electrical closet with transformer(s) providing adequate power of not less than seven (7) watts per rentable square foot;

(i) telephone closet for phone service;

(j) mechanical equipment room with ducted mechanical exhaust system.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements to be constructed using the Tenant Improvement Allowances shall include:

- (a) Tenant ceilings and lighting within the Premises;
- (b) Floor finishes in the Premises;
- (c) Interior finishes of any kind within the Premises;
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (f) HVAC and electrical upgrades above and beyond the Base Building Improvements set forth in Addendum A hereof;
- (g) Conduits, electrical/data outlets and other electrical components sufficient for Tenant's electrical and data specifications;
- (h) Any and all signs for Tenant and the power therefor;
- (i) After-hours HVAC system, separate from main Base Building HVAC system, for telephone/computer room;
- (j) Low voltage security, fire and life-safety systems, CCTV, alarm, phone, computer and/or access control systems.

ADDENDUM C To Landlord's Work Letter

Memorandum of Tenant Improvement Costs

This Agreement is dated this _____ day of _____, 2007, for reference purposes only, by and between Landlord, _____, and Tenant, COUNTY OF LOS ANGELES.

The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Landlord to Tenant of premises in the building located at _____ ("the Premises").

Landlord and Tenant hereby confirm the following:

A. The final total cost of the tenant improvements is (\$_____).

This is comprised of:

Lease Budget		<u>Actual Cost</u>
\$	Tenant Improvement Allowance	\$_____
\$	Additional Tenant Improvement Allowance	\$_____
\$	Change Order Allowance	\$_____
\$	Total	\$_____

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Landlord:

By:

Its: _____

Tenant:

COUNTY OF LOS ANGELES

By _____

ADDENDUM D To Landlord's Work Letter

Building Standard Specifications

<p style="text-align: center;">Doors</p> <p>3' X 8' solid core Makore Veneer in Western Integrated clear aluminum frame</p> <p>Perimeter tenant entry door Schlage L9453 06B C KWH</p> <p>Interior door Schlage ND01S RHO</p>
<p style="text-align: center;">Ceiling</p> <p>USG Donn Fineline 1/8" 2'x 2' grid with Armstrong Cortega Tegular Edge tile</p>
<p style="text-align: center;">Lighting</p> <p>Lithonia Lighting 2'X4' 18 cell parabolic 3 lamp fixture # 2PM3NNGB 332 18LD MVOLT 1/3 GEB101S LP735</p>
<p style="text-align: center;">Exit Sign</p> <p>Lithonia Lighting LQMSW 3R 120/277 ELN</p>
<p style="text-align: center;">Fire Sprinkler</p> <p>Chrome semi recessed head installed in center of ceiling tile</p>
<p style="text-align: center;">Coffee Bar / Kitchen Sink</p> <p>Elkay Model LRAD or LRADQ</p>
<p style="text-align: center;">HVAC Distribution</p> <p>VAV Box</p> <p>Hot water actuator Siemens Powermite 599 Series MT Series Terminal Unit Valve and actuator</p> <p>Thermostat Honeywell TP970 Series</p>
<p style="text-align: center;">Window Covering</p> <p>Hunter Douglas # 190 Bright Aluminum</p>

